

Message Text

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ACTION IO-13

INFO OCT-01 ISO-00 AF-08 ARA-06 EA-07 EUR-12 NEA-10 DIWY-01

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CIAE-00 INR-07 NSAE-00 SSO-00 NSCE-00 INRE-00 L-03

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O R 060802Z JUL 76

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC IMMEDIATE 9018

INFO USMISSION USUN NEW YORK

LIMITED OFFICIAL USE SECTION 1 OF 2 VIENNA 5551

E.O. 11652: N/A

TAGS: UNIDO, OCON, PORG, EIND, ABUD, EAID

SUBJECT: THIRD SESSION OF INTERGOVERNMENTAL COMMITTEE ON UNIDO

CONSTITUTION: DUAL BUDGET

REF: VIENNA 5509

1. FURTHER DISCUSSION OF QUESTION OF DEFINITION OF UNIDO BUDGET BEYOND ROUNDUP REPORTED REFTEL PRODUCED NO VISIBLE PROGRESS TOWARD AGREEMENT BY CLOSE OF BUSINESS JULY 2. IN FACT, ONE STATEMENT BY G-77 SPOKESMAN (PAKISTAN), WHICH IS REFERRED TO BELOW, SUGGESTS WIDENING OF THE GAP.

2. G-77 IN ENDEAVOR TO OBTAIN TEXTUAL PICTURE OF POSSIBLE CONSTITUTIONAL PROVISIONS WHICH WOULD PROVIDE FOR MAINTENANCE OF "STATUS QUO" REQUESTED SECRETARIAT TO PRODUCE DRAFT TEXT OF ARTICLE IN "BUDGET AND SOURCES OF FINANCE." TEXT CIRCULATED BY SECRETARIAT ON JULY 2 FOLLOWS:

QUOTE. 1. (A) THE ASSESSED BUDGET SHALL CONSIST OF ALL EXPENDITURES OF THE ORGANIZATION, EXCEPT THOSE INCURRED FOR OR IN CONNEXION WITH ASSISTANCE RENDERED TO A PARTICULAR LIMITED OFFICIAL USE

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MEMBER OR GROUP OF MEMBERS OR FOR THE ESTABLISHMENT

OF ANY INSTALLATION. NEVERTHELESS, THE EXPENDITURES SPECIFIED IN ANNEX III SHALL BE CONSIDERED PART OF THE ASSESSED BUDGET.

(B) THE EXPENDITURES INCLUDED IN THE ASSESSED BUDGET SHALL BE BORNE BY THE MEMBERS, AS APPORTIONED IN ACCORDANCE WITH A SCALE OF ASSESSMENTS ADOPTED BY THE CONFERENCE BY A TWO-THIRDS MAJORITY (OF THOSE CASTING AFFIRMATIVE OR NEGATIVE VOTES).

2. (A) THE OPERATIONAL BUDGET SHALL CONSIST OF ALL EXPENDITURES OF THE ORGANIZATION THAT ARE NOT INCLUDED IN THE ASSESSED BUDGET.

(B) THE EXPENDITURES INCLUDED IN THE OPERATIONAL BUDGET SHALL BE FINANCED FROM GENERAL VOLUNTARY CONTRIBUTIONS, FROM SPECIAL CONTRIBUTIONS, FROM THE INDUSTRIAL DEVELOPMENT FUND AND FROM OTHER INCOME AND RESOURCES.

ANNEX III - SPECIAL EXPENDITURES IN THE ASSESSED
BUDGET

IN ORDER TO MAINTAIN THE OPERATIONS OF THE ORGANIZATION AT A LEVEL CORRESPONDING TO THOSE OF THE ORGANIZATION ESTABLISHED BY RESOLUTION 2152 (XXI) OF THE UNITED NATIONS GENERAL ASSEMBLY, THE FOLLOWING EXPENDITURES SHALL BE CONSIDERED TO BE PART OF THE ASSESSED BUDGET WITHIN THE MEANING OF SECTION 1 OF ARTICLE .

(A) AN ANNUAL SUM NOT EXCEEDING THE EQUIVALENT OF US \$, TO BE EXPENDED FOR THE OVERHEAD COSTS INCURRED IN ADMINISTERING TECHNICAL ASSISTANCE PROGRAMMES FINANCED BY OTHER INTERNATIONAL ORGANIZATIONS, TO THE EXTENT SUCH COSTS ARE NOT REIMBURSED BY THESE ORGANIZATIONS;

(B) AN ANNUAL SUM NOT EXCEEDING THE EQUIVALENT OF US \$, TO BE EXPENDED FOR REGIONAL ADVISORY SERVICES, FOR SHORT-TERM ADVISORY SERVICES, FOR TRAINING AND FOR SPECIAL MEASURES IN FAVOUR OF THE LIMITED OFFICIAL USE

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LEAST DEVELOPED COUNTRIES, AS WELL AS ANY OVERHEAD COSTS CONNECTED THEREWITH. UNQUOTE.

DURING READING OF SECRETARIAT TEXT IN GROUP B PRIOR TO MEETING OF NEGOTIATING COMMITTEE VARIOUS SPECIFIC QUESTIONS WERE RAISED WITH RESPECT TO MEANING OF VARIOUS PASSAGES (E.G. "THE ESTABLISHMENT OF ANY INSTALLATION) AND THE IMPLICATIONS OF THE TEXT WITH

RESPECT TO SUCH POINTS AS SCALE OF ASSESSMENTS, LOANS AS A POSSIBLE RESOURCE FOR THE ORGANIZATION AND THE SPECIFIC DOLLAR CEILINGS TO APPEAR IN ANNEX III (A) AND (B). VARIOUS GROUP B COUNTRIES AGAIN INDICATED THAT THEY COULD ACCEPT THE NOTION OF PROVIDING SOME AMOUNTS IN THE REGULAR BUDGET FOR FINANCING OF EXPENDITURES OF THE TYPE INDICATED IN

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ANNEX III (A) AND (B). CONSIDERABLE DISCUSSION THEN DEVELOPED ON WHETHER DOLLAR OR PERCENTAGE LIMITATIONS COULD BE ESTABLISHED WITH RESPECT TO ACTIVITIES COVERED IN ANNEX III (A) AND (B). ONE SUGGESTION WAS THAT INITIAL DOLLAR AMOUNTS BE PROVIDED FOR THESE TO EASE TRANSITION TO DEPENDENCE ON VOLUNTARY CONTRIBUTIONS AND THAT CONTINUED INFLATION WOULD GRADUALLY REDUCE THE REAL WORTH OF SUCH AMOUNTS WHILE VOLUNTARY CONTRIBUTIONS WOULD PICK UP THE ADDITIONAL REQUIRED FINANCING. U.S. MADE CLEAR THAT DIRECTION TAKEN BY SECRETARIAT DRAFT WAS NOT ACCEPTABLE TO IT.

3. BULK OF NEGOTIATING COMMITTEE MEETING JULY 2 WAS TAKEN UP WITH EXPOSITION BY UN CONTROLLER (DEBATIN) OF VARIOUS ELEMENTS CURRENTLY ENTERING INTO UNIDO ASSESSED BUDGET AND MANNER IN WHICH UN SYSTEM HAS TREATED PROBLEM OF OVERHEADS

TO DATE. SIGNIFICANTLY, AT END OF DEBATIN'S EXPLANATION OF HOW PROPOSED TEXT WOULD ASSURE MAINTENANCE OF "STATUS QUO" PAKISTAN INTERJECTED TO SAY THAT G-77 WOULD NOT BE SATISFIED SIMPLY WITH MAINTAINING PRESENT ARRANGEMENTS. SOME ARRANGEMENT ASSURING GREATER RESOURCES TO ASSIST LDC INDUSTRIAL DEVELOPMENT WAS NEEDED AND THE G-77 INTENDED LIMITED OFFICIAL USE

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TO MAKE PROPOSALS TO THIS EFFECT NEXT WEEK. (NOT CLEAR WHETHER THIS IS TACTICAL G-77 MOVE DESIGNED TO END UP WITH STATUS QUO ARRANGEMENT OR REPRESENTS CONSIDERED UNWILLINGNESS TO SETTLE EVEN FOR EXISTING SITUATION.) IN REPLY TO QUERY ON WHAT AMOUNTS WOULD HAVE TO BE INSERTED INTO SUBPARAS (A) AND (B) OF PARA 3 IF EXISTING SITUATION WERE TO BE REFLECTED, DEBATIN SAID THAT ESTIMATED PRESENT ANNUAL SUPPORT COSTS FACTORED INTO UNIDO BUDGET AMOUNTED TO MORE THAN \$6 MILLION. UNIDO'S TAKE OF THE REGULAR PROGRAM ANNUALLY WAS \$2,097,000.

4. SECRETARIAT DRAFT TEXT WAS SUBSEQUENTLY SUBJECT BRIEF GROUP B DISCUSSION LATE IN DAY OF JULY 2. GROWING SENTIMENT SEEMED TO EMERGE FOR SIMPLE DEFINITION OF REGULAR BUDGET ALONG LINES OF PARA 1(A) OF SECRETARIAT DRAFT, I.E., DEFINE REGULAR BUDGET BY EXCLUSION OF ALL EXPENDITURES "INCURRED FOR ASSISTANCE RENDERED TO A PARTICULAR MEMBER OR GROUP OF MEMBERS." ON QUESTION OF HOW TO TREAT OVERHEADS (I.E. EXPENDITURES INCURRED "IN CONNECTION WITH" SUCH ASSISTANCE) FRG TOOK LEAD IN ARGUING THAT THEY WOULD NOT INSIST THESE BE MET FROM VOLUNTARY CONTRIBUTIONS SINCE NO CONTRIBUTIONS APPROACHING THE AMOUNTS NOW CARRIED IN UNIDO'S REGULAR BUDGET WERE LIKELY TO BE FORTHCOMING. WHEN CHAIRMAN COMMENTED THAT IT WAS CLEAR A LARGE MAJORITY OF GROUP B SUPPORTED THIS POSITION WE ASKED FOR A HEAD-COUNT. FOLLOWING ASSOCIATED THEMSELVES WITH FRG POSITION: JAPAN, ITALY, SPAIN, BELGIUM, SWITZERLAND, CANADA AND NETHERLANDS. USDEL OPPOSED IT AND AUSTRALIA, UK AND CANADA RESERVED THEIR POSITION UNTIL JULY 5. OTHER GROUP B MEMBERS WERE ABSENT. HOWEVER, AS PREVIOUSLY REPORTED SWEDEN AND NEW ZEALAND HAD IN EARLIER MEETING INDICATED THEIR READINESS TO GO ALONG WITH VIEW EXPRESSED BY FRG. CHAIRMAN REQUESTED FRG TO PREPARE TEXT REFLECTING ITS VIEW OF HOW ARTICLE 10 BIS MIGHT READ, FOR FURTHER INTERNAL DISCUSSION IN GROUP B. STIBRAVY

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